

HAWAII TOURISM AUTHORITY

Competitive Strategic Assessment of Hawaii Tourism

Executive Summary

(Excerpted from a report prepared by PricewaterhouseCoopers LLP)

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SECTION II: EXECUTIVE SUMMARY

Leisure travel has been increasing worldwide during the 1990s, as evidenced by relatively consistent growth in visitor arrivals at many leading leisure destinations around the world. Hawaii has not participated in this growth, with overall visitor arrivals continuing to approximate 1990 levels. However, other competitive destinations, such as Mexico, the Caribbean, and Australia, have continued to strengthen during the same period. Smaller scale but fast-growing destinations such as Bali and Guam are also challenging Hawaii.

Competing destinations are continuing to heavily invest in hotels and other tourism infrastructure. Therefore, not only are tourists increasingly choosing other destinations, but billions of dollars of investment capital are also being directed to these other destinations as well. Much of the success for many of these destinations has been the increasing sophistication, coordination, and strategic focus of tourism policy and its implementation. This strategic tourism policy orientation has been driven by the increasing recognition of tourism as a major export industry by the governments of these destinations.

Hawaii is still capable of succeeding despite these new challenges. Not only is Hawaii's allure as a dream destination intact, but research has shown that Hawaii continues to meet or exceed the high expectations that visitors have of their Hawaii vacation. With the establishment of the HTA, Hawaii has taken the first important step toward providing the organizational framework and guidance necessary to become a stronger competitor in the global tourism industry.

Each section of this report presents a summary of the respective sections' findings, conclusions, and strategic issues. A summary of the major findings, conclusions, and strategic issues for the full report are presented below.

Major Findings and Conclusions

- 1. The Caribbean has become a primary destination for European tourists, and continues to be a primary destination for tourists from the US East MMA.**

The Caribbean has experienced dramatic growth in visitor arrivals from Europe, with 1997 arrivals reaching 2.8 million, representing an increase of 140 percent from 1990 levels. Arrivals from the US East MMA to the Caribbean increased 20 percent during the same period to 7.1 million. The growth in these two markets has been, in part, driven by massive promotion and advertising by individual destinations within the Caribbean and the cruise

industry, whose combined marketing and advertising budgets amounted to over \$560 million¹ in 1997. Airlines from Europe have provided increased affordable lift to the region and have been important drivers of visitor growth, as has the development of a major hub operation for American Airlines in San Juan, Puerto Rico. Additionally, the Caribbean offers a wide choice of land-based all-inclusive packages and resorts, which have strong appeal and product familiarity with the European market.

The US East MMA and Europe MMA are both attractive origin markets, with large, affluent populations. Hawaii currently appears to under-penetrate both markets. In seeking to attract more visitors from these markets, however, Hawaii is faced with substantial competition from the Caribbean and cruise industry.

2. Australia has emerged as a major and formidable competitor for the Japanese and Other Asia markets.

Australia's visitor arrivals nearly doubled between 1990 and 1997 to 4.4 million visitors. The number of Japanese visitors increased 70 percent during the period to over 800,000. In comparison, Hawaii's Japanese arrivals increased 45 percent during the period to 2.1 million. Australia has substantially increased its growth in market share for the New Zealand market and the Europe, Japan, and Other Asia MMAs, whereas Hawaii's share decreased.

With a highly coordinated tourism strategy and aggressive tourism policy, Australia has successfully improved its tourism product and marketing, and has enjoyed dramatic growth in visitor arrivals. Australia is well positioned for continued growth, with 12,000 new hotel rooms with a development cost of over \$1 billion currently in the pipeline. Worldwide attention will focus on Australia as it hosts the Summer Olympic Games and the Americas Cup during the next two years. These two world-class events will provide Australia with additional momentum well into the new millennium.

3. Development of new hotels, cruise ships, and other tourism infrastructure in competitive destinations is continuing.

To meet the growing demand for leisure travel, competing destinations have continued to build new hotels, attractions, and tourism infrastructure. Orlando is adding approximately 20,000 hotel rooms over the next four years. Mexico is in the midst of a \$6 billion resort development boom. During late 1998 and early 1999, over \$2.5 billion worth of new mega casino hotels, representing over 7,000 new rooms, have opened in Las Vegas, with more than 6,000 additional rooms still under construction.

¹ Includes \$160.4 million spent by various Caribbean national tourism organizations and \$400 million spent by members of Cruise Line International Association (CLIA). The CLIA budget also includes funds spent to promote non-Caribbean destinations.

Expansion of theme parks is continuing worldwide, including the development of the \$2.5 billion Universal Studios Escape in Orlando and the planned Disney World in Hong Kong. The North American passenger cruise industry increased its capacity by 40 percent between 1990 and 1997. New and/or upgraded airport facilities are planned or under construction worldwide to accommodate anticipated growth in global demand for capacity.

Not only does this growth in capacity enable Hawaii's competitors to accommodate more visitors, it also strengthens the destinations' competitive positioning and image. Leisure travel consumers also respond positively to new "must see" attractions such as a new themed mega casino hotel in Las Vegas or a new generation cruise ship. In addition, these new attractions are increasingly heavily promoted directly to consumers.

4. The distribution system for leisure travel is undergoing significant change.

The channels of distribution for leisure travel are changing, with both wholesale and retail components of the channel undergoing major consolidation. Tour wholesalers have been rapidly consolidating through acquisitions and mergers in the key US market. As a result, fewer firms are expected to eventually control larger shares of a destination's market. Furthermore, wholesalers that had previously been focused on selling Hawaii packages only are now selling other destinations as well, including many of Hawaii's competitors.

Independent retail travel agencies in the US are increasingly joining leisure travel agent consortia, which allow them to earn higher commissions and compete more effectively with larger integrated travel and tourism agencies. These larger wholesalers and travel agent consortia could be valuable strategic partners for a destination such as Hawaii. At the same time, their increased size and market shares make management of these relationships more critical.

The Internet is reshaping the business of selling vacation travel. By giving consumers easy access to and immediate familiarity with travel, including greater amounts of destination information and the ability to book reservations instantaneously, consumers are increasingly bypassing the travel agent altogether. Consumers are therefore becoming much more informed and involved in destination research and, in turn, are now more than ever integrated as part of the distribution channel.

5. Growth in long-haul travel has largely bypassed Hawaii during the 1990s.

Between 1990 and 1997, worldwide outbound travel has increased substantially. Outbound travel from Japan has increased by 48 percent, while outbound travel from Europe has grown by 61 percent. With the exception of Canada, global outbound travel from each MMA increased between 1990 and 1997. The growth in visitor arrivals to Hawaii has not kept pace with the growth in worldwide outbound travel and therefore Hawaii continues to lose market share.

6. Hawaii appears to suffer from limited visibility, particularly in Europe and other secondary markets.

Hawaii appears to have limited visibility among consumers, travel agents, and tour wholesalers in Hawaii's secondary markets and to a lesser extent the US East MMA. Lack of consistent marketing and promotion programs, travel agent and tour wholesaler education, media visibility, and program follow-through have been issues voiced by industry professionals within the various MMAs. In some cases, including Japan, the promotion and marketing efforts have been viewed as reactionary rather than proactive.

Much of this lack of visibility and consistency can likely be attributed to the prior lack of dedicated funding for tourism, which would make it difficult for Hawaii to develop, plan, and implement a sustained long-term marketing program.

7. Airlift capacity to Hawaii has emerged as a critical issue for Hawaii's tourism industry, as Hawaii's lift decreased by 6.3 percent between 1990 and 1997.

After years of industry losses through the mid-1990s, route decisions have become much more bottom-line driven, with airlines adding or reducing air service based on route profitability. Leisure destinations such as Hawaii are inherently low-yield markets for airlines as there is a heavy mix of leisure passengers flying on discounted (and in some cases "free") tickets, with only a small percentage flying full-fare business or first class. As a result, airlines have employed various strategies to increase load factors to help offset low revenue yields inherent in leisure destination routes.

8. Based on a consensus profile, the conservative estimate of the "potential relevant" market for the Hawaii Convention Center ("HCC") comprises 1,254 organizations.

For the purposes of this report, a consensus profile of the relevant market was jointly developed by SMG Management, the Convention Center Authority, HVCB, DBEDT, and HTA. The relevant events market for the HCC was determined to have the following characteristics:

- The ability to rotate to western US, off-shore, or international locations;
- Have at least an average attendance of 1,000 delegates or more;
- Have exhibit space requirements of 200,000 square feet or less; and
- Previously used convention centers for its meetings.

Based on the above profile and data provided by the HVCB, there are approximately 1,254 organizations which hold annual and semi-annual meetings that meet the profile described above. We note, however, that this estimate is considered conservative as other types of

groups were excluded from the profile. For example, groups of 1,000 or more that consistently hold their events in convention hotels or conference centers were not included as part of the potential market, but could be considered candidates for conversion to a convention center facility.

Major Strategic Issues and Directions

- 1. Hawaii should continue to develop an effective organizational framework to direct and integrate tourism policy and strategic marketing. Such an approach may strengthen Hawaii's position, given the growing sophistication of tourism management in many of Hawaii's competitive destinations.**

Destination tourism management is increasingly becoming more sophisticated worldwide. The success of many destinations has been driven by an integrated tourism management structure, including effective integration of tourism policy, long-term planning, product development, and marketing. This successful tourism management approach has also led to strong and mutually supportive private/public sector partnerships that have been driven by a common tourism strategy and policy. Australia is a good example of a destination that has substantially improved its tourism product and distribution through a highly coordinated tourism strategy plan combined with aggressive tourism policies.

Tourism policy and implementation for Hawaii has generally been fragmented among private and public sector agencies. To become more competitive with other destinations, Hawaii should continue to develop a tourism management framework to better compete with the growing sophistication of other tourism management structures found in competitive destinations. Establishment of the HTA is a major step in this direction.

- 2. Hawaii should identify and maximize opportunities of leverage.**

Hawaii should identify potential points of leverage currently existing in Hawaii's market. These points of leverage should be identified and analyzed within the context of overall trends to determine its viability. For example, there has been a sharp increase in North American travel over-flying Hawaii to Asia. Conversely, Japan has been increasingly over-flying Hawaii to California and Las Vegas. However, in 1997 as many as 400,000 US and Canadian visitors travel Eastbound from Asia through Hawaii back to the US each year, and over 65,000 Japanese transit Westbound through Hawaii as they return to Japan. Developing multi-destination products to formally expand or exploit this already existing market might create leverage for Hawaii.

Other examples of points of leverage include:

- Airline alliances have effectively extended distribution to new markets for Hawaii's air carriers that offer new opportunities to market Hawaii.
- Opportunities may exist to market Hawaii more effectively as a stopover destination for Trans-Pacific cruises. Such cruise stopovers may also create opportunities to market directly to cruise passengers for further Hawaii travel.
- Under-promoted sectors of the visitor industry, such as golf tourism, are also opportunities for Hawaii. The golf travel segment is increasing in popularity, and with planning, Hawaii could be marketed more specifically as a golf destination than it has in the past.

3. Hawaii should identify opportunities to create innovative strategies and partnerships.

Innovative strategies and partnerships represent opportunities for destinations to leverage resources and create synergies. For example, Las Vegas, Los Angeles, and Phoenix have collaborated to jointly promote multi-destination regional tourism for the European market. Australia has entered into multi-million dollar destination marketing partnerships with corporations such as Visa and Kodak. Florida has been successful in targeting Europeans in staying longer by promoting multiple destinations, including combined Orlando/Miami travel packages.

While Hawaii has traditionally partnered with travel providers and suppliers in cooperative marketing programs, non-traditional partnerships should be explored. These partnerships could include cooperating with other destinations to promote multi-destination travel, such as promoting California/Hawaii or Las Vegas/Hawaii itineraries to Japanese or European consumers. In particular, Hawaii could leverage its knowledge of the Japanese market in partnership with a new, exciting destination such as Las Vegas. With the private sector entering into strategic alliances, destinations have also started similar relationships.

4. Hawaii should create a consistent, sustained, and universal promotional marketing message.

Travel professionals in markets around the world have reported that Hawaii's marketing presence, promotions, brand image, and product message have been neither consistent nor sustained. While this situation is somewhat understandable given Hawaii's prior lack of consistent funding, competitive destinations have become increasingly aggressive through creating sustained and consistent marketing strategies. Inconsistencies on Hawaii's part coupled with the concerted efforts made by competitive destinations may be contributing to

erosion of the travel sellers' knowledge base and interest in Hawaii. Travel sellers' images of Hawaii's branding and product appear to be either unclear or non-existent.

Moreover, as competing destinations and leisure travel products have developed, their marketing and promotional abilities have likely strengthened, which has resulted in Hawaii's having to compete against well-organized and well-funded machines, such as the cruise industry and the all-inclusive resorts market. While it may not be realistic for Hawaii's tourism marketing budget to keep pace with those of larger or growing destinations, it is important that Hawaii's marketing message be consistent, sustained, and visible in the marketplace.

5. Hawaii should consider developing an air carrier travel partner strategic plan.

Given the importance of the airline industry, it is imperative that strong working relationships be maintained with Hawaii's air carriers. By strengthening Hawaii's understanding of its air carriers strategic objectives, metrics and route systems, Hawaii will be in a better position to manage these relationships to at least maintain, if not increase, air capacity to Hawaii in the face of growing competition. Development of a travel partner strategic plan could assist in strengthening relationships between the air carriers and Hawaii to the mutual benefit of both.

6. Hawaii should consider performing a comprehensive market demand study for the Hawaii Convention Center to assist in strategic market planning.

Because the dynamics of the convention center market have changed substantially since the construction of HCC, a comprehensive market demand study could assist in developing a viable marketing plan and strategy for the HCC. Such a study is recommended given the proliferation of new mid-sized convention centers that have opened throughout the 1990s, as well as changes in the overall meetings and convention market.

MMA Overview 1997

	US West	US East	Canada	Japan	Europe	Latin America	Other Asia	Oceania	Other	Total
Population	58,213,000	208,236,000	30,287,000	126,091,000	264,298,000	293,715,000	1,304,443,000	22,293,000		2,307,576,000
Per Capita GDP (\$US at 1997 exchange rates)	\$29,500	\$29,200	\$20,100	\$33,200	\$23,400	\$5,300	\$1,500	\$20,500		
Outbound Travel from MMA	41,507,000	73,140,000	19,877,000	25,051,000	113,172,000	15,821,000	17,271,000	5,935,000		311,774,000
Total Arrivals to Hawaii	2,114,300	1,511,110	327,200	2,092,480	199,750	15,920	241,340	111,700	262,340	6,876,140
Hawaii's Share of Outbound Market	5.1%	2.1%	1.6%	8.4%	0.2%	0.1%	1.4%	1.9%		
Share of Hawaii's Total Arrivals	30.7%	22.0%	4.8%	30.4%	2.9%	0.2%	3.5%	1.6%	3.8%	100.0%
Total Visitor Days in Hawaii	20,305,609	15,097,038	3,940,172	11,495,934	2,195,394	152,452	1,662,493	693,182	2,079,945	57,622,219
Share of Hawaii's Total Visitor Days	35.2%	26.2%	6.8%	20.0%	3.8%	0.3%	2.9%	1.2%	3.6%	100.0%
Length of Stay (days)	9.6	10.0	12.0	5.5	11.0	9.6	6.9	6.2		
1997 Total Hawaii Expenditures	\$3,264,210,700	\$2,426,911,300	\$468,978,000	\$3,213,750,000	\$323,710,832	\$25,398,400	\$276,971,400	\$101,713,000	\$279,655,368	\$10,381,299,000
Share of Total Hawaii Expenditures	31.4%	23.4%	4.5%	31.0%	3.1%	0.2%	2.7%	1.0%	2.7%	100.0%
Average Visitor Trip Expenditure	\$1,544	\$1,606	\$1,433	\$1,536	\$1,621	\$1,595	\$1,148	\$911	\$1,066	\$1,510

Source: US Census Bureau, US Bureau of Economic Analysis, World Bank, US Department of Transportation, Mexico Secretariat of Tourism, Statistics Canada, US Department of Commerce, World Tourism Organization, Hawaii Visitors and Convention Bureau

MMA Overview 1990

	US West	US East	Canada	Japan	Europe	Latin America	Other Asia	Oceania	Other	Total
Population	51,704,000	195,953,000	27,791,000	123,537,000	257,160,000	263,693,000	1,206,680,000	20,428,000		2,146,946,000
Per Capita GDP (\$US at 1990 exchange rates)	\$24,500	\$22,300	\$20,600	\$24,000	\$20,000	\$3,300	\$700	\$16,700		
Outbound Travel from MMA	n/a	n/a	21,708,000	16,988,000	82,274,000	11,469,000	10,137,000	4,579,000		147,155,000
Total Arrivals to Hawaii	2,347,250	2,042,010	317,900	1,439,710	178,860	9,110	177,190	313,520	145,630	6,971,180
Hawaii's Share of Outbound Market	n/a	n/a	1.5%	8.5%	0.2%	0.1%	1.7%	6.8%		
Share of Hawaii's Total Arrivals	33.7%	29.3%	4.6%	20.7%	2.6%	0.1%	2.5%	4.5%	2.1%	100.0%
Total Visitor Days in Hawaii	21,086,380	17,658,840	3,846,590	8,494,289	1,681,213	40,995	941,772	2,037,184	3,368,657	59,155,920
Share of Hawaii's Total Visitor Days	35.6%	29.9%	6.5%	14.4%	2.8%	0.1%	1.6%	3.4%	5.7%	100.0%
Length of Stay (days)	9.0	8.6	12.1	5.9	9.4	4.5	5.3	6.5		
1990 Total Hawaii Expenditures	\$3,081,357,064	\$2,580,489,936	\$399,560,000	\$2,500,138,000	\$217,003,776	\$9,633,825	\$221,316,420	\$207,517,000	\$146,227,979	\$9,363,244,000
Share of Total Hawaii Expenditures	32.9%	27.6%	4.3%	26.7%	2.3%	0.1%	2.4%	2.2%	1.6%	100.0%
Average Visitor Trip Expenditure	\$1,313	\$1,264	\$1,257	\$1,737	\$1,213	\$1,058	\$1,249	\$662	\$1,004	\$1,343

Source: US Census Bureau, US Bureau of Economic Analysis, World Bank, World Tourism Organization, and Hawaii Visitors and Convention Bureau

n/a: not available, see Appendix B for further detail

MMA Country Composition of Europe, Other Asia, Oceania, and Latin America

Europe

1990	Population	% Total	Per Capita GDP		Outbound Travel from MMA	% Total	Arrivals to Hawaii	% Total
France	56,735,000	22.1%	\$21,100		13,165,000	16.0%	14,150	7.9%
Germany	79,433,000	30.9%	\$20,600		34,277,000	41.7%	54,230	30.3%
Italy	56,719,000	22.1%	\$19,300		8,289,000	10.1%	8,690	4.9%
Switzerland	6,712,000	2.6%	\$34,000		3,846,000	4.7%	17,330	9.7%
UK	57,561,000	22.4%	\$16,900		22,698,000	27.6%	84,460	47.2%
Europe MMA	257,160,000	100.0%	\$20,000		82,274,000	100.0%	178,860	100.0%
1997	Population	% Total	Per Capita GDP	% Growth	Outbound Travel from MMA	% Total	Arrivals to Hawaii	% Total
France	58,607,000	22.2%	\$23,800	12.8%	15,053,000	13.3%	17,540	8.8%
Germany	82,071,000	31.1%	\$25,500	23.8%	50,555,000	44.7%	76,090	38.1%
Italy	57,523,000	21.8%	\$19,900	3.1%	10,059,000	8.9%	6,190	3.1%
Switzerland	7,088,000	2.7%	\$36,000	5.9%	5,374,000	4.7%	17,760	8.9%
UK	59,009,000	22.3%	\$21,800	29.0%	32,131,000	28.4%	82,180	41.1%
Europe MMA	264,298,000	100.0%	\$23,400	17.0%	113,172,000	100.0%	199,750	100.0%

Other Asia

1990	Population	% Total	Per Capita GDP		Outbound Travel from MMA	% Total	Arrivals to Hawaii	% Total
China	1,135,160,000	94.1%	\$300		481,000	4.7%	17,450	9.8%
Hong Kong	5,705,000	0.5%	\$13,100		1,585,000	15.6%	21,160	11.9%
Korea	42,869,000	3.6%	\$5,900		1,062,000	10.5%	58,030	32.8%
Singapore	2,705,000	0.2%	\$13,800		5,848,000	57.7%	15,960	9.0%
Taiwan	20,242,000	1.7%	\$7,900		1,162,000	11.5%	64,590	36.5%
Other Asia MMA	1,206,680,000	100.0%	\$700		10,137,000	100.0%	177,190	100.0%
1997	Population	% Total	Per Capita GDP	% Growth	Outbound Travel from MMA	% Total	Arrivals to Hawaii	% Total
China	1,227,177,000	94.1%	\$700	133.3%	3,121,000	18.1%	31,320	13.0%
Hong Kong	6,502,000	0.5%	\$26,400	101.5%	3,042,000	17.6%	19,430	8.1%
Korea	45,991,000	3.5%	\$9,600	62.7%	3,006,000	17.4%	116,740	48.4%
Singapore	3,104,000	0.2%	\$31,000	124.6%	6,445,000	37.3%	12,960	5.4%
Taiwan	21,670,000	1.7%	\$13,100	65.8%	1,658,000	9.6%	60,880	25.2%
Other Asia MMA	1,304,443,000	100.0%	\$1,500	114.3%	17,271,000	100.0%	241,340	100.0%

Oceania

1990	Population	% Total	Per Capita GDP		Outbound Travel from MMA	% Total	Arrivals to Hawaii	% Total
Australia	17,065,000	83.5%	\$17,400		3,755,000	82.0%	220,160	70.2%
New Zealand	3,363,000	16.5%	\$12,800		824,000	18.0%	93,360	29.8%
Oceania MMA	20,428,000	100.0%	\$16,700		4,579,000	100.0%	313,520	100.0%
1997	Population	% Total	Per Capita GDP	% Growth	Outbound Travel from MMA	% Total	Arrivals to Hawaii	% Total
Australia	18,532,000	83.1%	\$21,200	21.8%	4,968,000	83.7%	74,740	66.9%
New Zealand	3,761,000	16.9%	\$17,200	34.4%	967,000	16.3%	36,950	33.1%
Oceania MMA	22,293,000	100.0%	\$20,500	22.8%	5,935,000	100.0%	111,700	100.0%

Latin America

1990	Population	% Total	Per Capita GDP		Outbound Travel from MMA	% Total	Arrivals to Hawaii	% Total
Argentina	32,527,000	12.3%	\$4,300		1,918,000	16.7%	1,730	19.0%
Brazil	147,940,000	56.1%	\$3,100		1,609,000	14.0%	3,330	36.6%
Mexico	83,226,000	31.6%	\$3,200		7,942,000	69.2%	4,050	44.5%
Latin America MMA	263,693,000	100.0%	\$3,300		11,469,000	100.0%	9,110	100.0%
1997	Population	% Total	Per Capita GDP	% Growth	Outbound Travel from MMA	% Total	Arrivals to Hawaii	% Total
Argentina	35,677,000	12.1%	\$9,100	111.6%	3,791,000	24.0%	3,690	23.2%
Brazil	163,689,000	55.7%	\$5,000	61.3%	2,686,000	17.0%	10,780	67.7%
Mexico	94,349,000	32.1%	\$4,300	34.4%	9,344,000	59.1%	1,460	9.2%
Latin America MMA	293,715,000	100.0%	\$5,300	60.6%	15,821,000	100.0%	15,920	100.0%

Sources: World Bank, World Tourism Organization, Hawaii Visitors and Convention Bureau

Note: GDP presented in US\$ based on 1990 and 1997 exchange rates, as appropriate

Note: Totals may not add due to rounding

Note: MMA Country Composition based on MMA definitions provided by HTA.

Competitive Destination Analysis

California

Selected Tourism Indicators		
Total 1994 Visitor Arrivals	41,636,000	Destination Highlights: San Francisco Los Angeles San Diego Hollywood Disneyland Napa Valley Palm Springs
Total 1997 Visitor Arrivals	46,125,100	
Number of Hotels	3,910 (1998)	
Number of Rooms	394,484 (1998)	
Average Hotel Occupancy	67.9% (1998)	
Average Hotel Daily Rate	\$90.38 (1998)	
Tourism Entity	California Department of Tourism	
Marketing & Advertising Budget	\$11.7million (1998)	

Visitor Arrivals by MMA

MMA	Arrivals to California			Arrivals to Hawaii		
	1994	1997	% Change	1994	1997	% Change
US West	18,761,600	18,823,800	0.3%	2,071,510	2,114,300	2.1%
US East	16,438,400	22,317,300	35.8%	1,516,790	1,511,110	-0.4%
Canada	792,000	1,000,000	26.3%	304,120	327,200	7.6%
Japan	772,000	1,256,112	62.7%	1,756,100	2,092,480	19.2%
Latin America *	446,000	563,000	not applicable	25,395	15,920	-37.3%

Sources: Division of Tourism, California Trade and Commerce Agency; Department of Commerce, International Trade Administration - Tourism Industries, In-Flight Survey Overseas Travelers to the US January - December 1997; Smith Travel Research; Hawaii Convention & Visitors Bureau. Data for Canada and Mexico are from <http://www.gocalif.ca.gov/research/world.html>

* 1994 historical data was compared to 1997 historical data due to the lack of available data for 1990. In addition, 1994 data includes arrivals from Mexico only, whereas, 1997 includes arrivals from Argentina, Brazil, and Mexico. The growth in Mexican visitor arrivals to California from 1994 (446,000) to 1997 (276,000) decreased 38.1 percent.

Florida

Selected Tourism Indicators		
Total 1993 Visitor Arrivals	46,119,886	Destination Highlights: DisneyWorld Universal Studios Kennedy Space Center Daytona Beach Miami/Miami Beach (South Beach) Key West/Florida Keys Beach Destinations
Total 1997 Visitor Arrivals	52,294,879	
Number of Hotels	2,687 (1998)	
Number of Rooms	345,459 (1998)	
Average Hotel Occupancy	66.7% (1998)	
Average Hotel Daily Rate	\$84.84 (1998)	
Tourism Entity	FLAUSA - Visit Florida	
Marketing & Advertising Budget	\$23 million (1998)	

Visitor Arrivals by MMA

MMA	Arrivals to Florida			Arrivals to Hawaii		
	1993	1997	% Change	1993	1997	% Change
US West	2,853,076	3,863,815	35.4%	1,930,000	2,114,300	9.5%
US East	35,654,009	40,827,739	14.5%	1,461,600	1,511,110	3.4%
Latin America *	654,000	1,040,559	not applicable	15,311	14,465	-5.5%

Sources: US Department of Transportation, US Department of Commerce; FLAUSA; Smith Travel Research; Hawaii Convention & Visitors Bureau.

* 1993 historical data was compared to 1997 historical data due to the lack of available data for 1990. In addition, 1993 data includes arrivals from Argentina and Brazil only, whereas, 1997 includes arrivals from Argentina, Brazil, and Mexico. The growth in Argentinian and Brazilian visitor arrivals to Florida from 1993 (654,000) to 1997 (811,093) increased 24 percent.

Las Vegas

Selected Tourism Indicators		
Total 1990 Visitor Arrivals	20,954,420	Destination Highlights: Las Vegas Strip Fremont Street (downtown strip) Individual themed casino hotels Red Rock Canyon Lake Mead Recreational Area Mt. Charleston Readily Accessible to Grand Canyon
Total 1997 Visitor Arrivals	30,464,635	
Number of Hotels	N/A	
Number of Rooms	109,734 (1998)	
Average Hotel Occupancy	85.8% (1998)	
Average Hotel Daily Rate	N/A	
Tourism Entity	Las Vegas Convention & Visitors Authority	
Marketing & Advertising Budget	\$78 million (1998)	

N/A = not available

Visitor Arrivals by MMA

MMA	Arrivals to Las Vegas			Arrivals to Hawaii		
	1990	1997	% Change	1990	1997	% Change
US West	10,686,754	13,404,439	25.4%	2,347,250	2,114,300	-9.9%
US East	8,172,224	11,271,915	37.9%	2,042,010	1,511,110	-26.0%
Japan	226,000	402,600	78.1%	1,439,710	2,092,480	45.3%

Sources: Las Vegas Convention & Visitors Authority; In-flight Survey of International Air Travelers, 1997; Smith Travel Research; Hawaii Visitors & Convention Bureau.

Mexico

Selected Tourism Indicators		
Total 1990 Visitor Arrivals	17,176,000	Destination Highlights: Los Cabos Acapulco Puerto Vallarta Cancun Cozumel Mazatlan
Total 1997 Visitor Arrivals	19,351,027	
Number of Hotels	5,582 (1998)	
Number of Rooms	303,437 (1998)	
Average Hotel Occupancy	62.8% (1997)	
Average Hotel Daily Rate	\$76.60 (1997)	
Tourism Entity	Secretaria de Turismo	
Total Tourism Budget * (1)	US\$40.2 million (1998)	

* Marketing and advertising budgets were not available separately.

Visitor Arrivals by MMA

MMA	Arrivals to Mexico			Arrivals to Hawaii		
	1990	1997	% Change	1990	1997	% Change
United States (2)	16,381,000	17,669,669	7.9%	4,389,260	3,625,410	-17.4%
Canada	293,800	368,647	25.5%	317,900	327,200	2.9%

Sources: World Tourism Organization; Smith Travel Research; Hawaii Visitors & Convention Bureau.

Note: (1) Represents Mexico's "umbrella" national budget and does not include regional marketing budgets, which can be substantial. (2) US East and US West data not separately available from Mexico.

Caribbean

Selected Tourism Indicators		
Total 1990 Visitor Arrivals	11,809,000 (land based)	Destination Highlights: Bahamas Puerto Rico St. Maarten Aruba Jamaica Bermuda St. Kitts & Nevis
Total 1997 Visitor Arrivals	15,881,400 (land based)	
Number of Hotels	1,675 (1998)	
Number of Rooms	132,133 (1998)	
Average Hotel Occupancy	66.7% (1997)	
Average Hotel Daily Rate	\$85.00 (est. 1997)	
Tourism Entity	Caribbean Tourism Organization	
Marketing & Advertising Budget	US\$160.4 million (1998)	

Note: The Caribbean's marketing and advertising budget includes individual island budgets in addition to the CTO's budget of \$5 million. The Bahamas and Bermuda are included as part of the Caribbean for the purpose of this analysis.

Visitor Arrivals by MMA

MMA	Arrivals to Caribbean			Arrivals to Hawaii		
	1990	1997	% Change	1990	1997	% Change
US West	607,634	601,497	-1.0%	2,347,250	2,114,300	-9.9%
US East	5,926,066	7,110,003	20.0%	2,042,010	1,511,110	-26.0%
Canada	724,000	805,111	11.2%	317,900	327,200	2.9%
Europe	1,156,051	2,783,255	140.8%	178,860	199,750	11.7%

Sources: Caribbean Tourism Organization; Hawaii Convention & Visitors Bureau.

Note: Switzerland arrivals to the Caribbean for 1990 and 1997 are sourced to the WTO and are not inclusive of all Caribbean islands. This is due to the CTO not tracking Switzerland arrivals to all Caribbean islands.

Australia

Selected Tourism Indicators		
Total 1990 Visitor Arrivals	2,214,900	Destination Highlights: Sydney Melbourne Gold Coast Great Barrier Reef Gambling 2000 Summer Olympics Americas Cup
Total 1997 Visitor Arrivals	4,317,900	
Number of Hotels	3,660 (1998)	
Number of Rooms	179,068 (1998)	
Average Hotel Occupancy	57.5% (1997)	
Average Hotel Daily Rate	\$64.82 (1997)	
Tourism Entity	Australian Tourist Commission	
Total Promotional Budget	US\$81.8 million (1998)	

Visitor Arrivals by MMA

MMA	Arrivals to Australia			Arrivals to Hawaii		
	1990	1997	% Change	1990	1997	% Change
Japan	479,900	813,900	69.6%	1,439,710	2,092,480	45.3%
Europe	426,900	663,900	55.5%	178,860	199,750	11.7%
Other Asia	193,500	843,800	336.1%	177,190	241,340	36.2%

Sources: World Tourism Organization; Hawaii Convention & Visitors Bureau.

Thailand

Selected Tourism Indicators		
Total 1990 Visitor Arrivals	5,298,860	Destination Highlights: Bangkok Wat Pho Temple of the Emerald Buddha Chiang Mai Phuket Three Pagodas Pass Ayutthaya
Total 1997 Visitor Arrivals	7,293,957	
Number of Hotels	4,762 (1998)	
Number of Rooms	272,993 (1998)	
Average Hotel Occupancy	46.6% (1997)	
Average Hotel Daily Rate	\$78.00 (est. 1997)	
Tourism Entity	Tourist Authority of Thailand	
Tourism Promotional Budget	US\$66.6 million (1997)	

Visitor Arrivals by MMA

MMA	Arrivals to Thailand			Arrivals to Hawaii		
	1990	1997	% Change	1990	1997	% Change
Japan	635,555	965,454	51.9%	1,439,710	2,092,480	45.3%
Europe	936,446	1,034,667	10.5%	178,860	199,750	11.7%
Other Asia	1,245,377	2,263,576	81.8%	177,190	241,340	36.2%
Oceania	262,575	269,212	2.5%	313,520	111,700	-64.4%

Sources: World Tourism Organization; Hawaii Visitors & Convention Bureau.

Guam

Selected Tourism Indicators		
Total 1990 Visitor Arrivals	780,404	Destination Highlights: Beaches Golf Dinner Shows Dinner Cruises Shopping
Total 1997 Visitor Arrivals	1,381,513	
Number of Hotels	32 (1998)	
Number of Rooms	7,890 (1998)	
Average Hotel Occupancy	67.0% (1998)	
Average Hotel Daily Rate	\$121.00 (1998)	
Tourism Entity	Guam Visitors Bureau	
Marketing & Advertising Budget	\$14 million (1998)	

Visitor Arrivals by MMA

MMA	Arrivals to Guam			Arrivals to Hawaii		
	1990	1997	% Change	1990	1997	% Change
Japan	637,569	1,113,012	74.6%	1,439,710	2,092,480	45.3%

Sources: World Tourism Organization; Hawaii Convention & Visitors Bureau; Guam Hotel & Restaurant Association.

Fiji

Selected Tourism Indicators		
Total 1990 Visitor Arrivals	278,996	Destination Highlights: Pristine White Beaches World Class Soft-Coral Reefs Culture/Heritage of Fijian People
Total 1997 Visitor Arrivals	359,441	
Number of Hotels	242 (1998)	
Number of Rooms	6,118 (1998)	
Average Hotel Occupancy	67.2% (1998)	
Average Hotel Daily Rate	N/A	
Tourism Entity	Fiji Visitors Bureau	
Marketing & Advertising Budget	US\$5 million (1998)	

N/A = not available

Visitor Arrivals by MMA

MMA	Arrivals to Fiji			Arrivals to Hawaii		
	1990	1997	% Change	1990	1997	% Change
Oceania	132,967	148,467	11.7%	313,520	111,700	-64.4%

Sources: World Tourism Organization; Hawaii Visitors & Convention Bureau; Fiji Hotel Association.

Bali

Selected Tourism Indicators		
Total 1995 Visitor Arrivals	1,015,314	Destination Highlights: Beautiful Beaches Jimbaran Bay Historic Culture White Water Rafting Wildlife Ubud
Total 1997 Visitor Arrivals	1,230,316	
Number of Hotels	1,247 (1998)	
Number of Rooms	33,764 (1998)	
Average Hotel Occupancy	57.9% (1997)	
Average Hotel Daily Rate	N/A	
Tourism Entity	Ministry of Tourism, Culture & Art	
Marketing Budget	US\$9.5 million (1998)	

Note: The Ministry of Tourism, Culture & Art is the tourism entity for all of Indonesia. In addition, the marketing budget presented is for all of Indonesia. The advertising budget was not available.

N/A = not available

Visitor Arrivals by MMA

MMA	Arrivals to Bali			Arrivals to Hawaii		
	1995	1997	% Change	1995	1997	% Change
Other Asia *	140,531	180,793	28.6%	229,020	241,340	5.4%
Oceania	155,694	291,455	87.2%	129,440	111,700	-13.7%

Sources: Bali Government Tourist Office = Statistik Pariwisata; Hawaii Convention & Visitors Bureau.

* Visitors from China were not included in Other Asia MMA to Bali for 1995 and 1997 due to a lack of historical data.

New York City

Selected Tourism Indicators		
Total 1991 Visitor Arrivals	22,790,000	Destination Highlights: Empire State Building Metropolitan Museum of Art Times Square United Nations Central Park World Trade Center Broadway 5th Avenue
Total 1997 Visitor Arrivals	33,022,000	
Number of Hotels	240 (1998)	
Number of Rooms	62,500 (1998)	
Average Hotel Occupancy	81.3% (1998)	
Average Hotel Daily Rate	\$180.01 (1998)	
Tourism Entity	New York City Visitors Bureau	
Marketing & Advertising Budget	N/A	

N/A = not available

Visitor Arrivals by MMA

MMA	Arrivals to New York City			Arrivals to Hawaii		
	1991	1997	% Change	1991	1997	% Change
Latin America	361,000	625,000	73.1%	14,669	15,920	8.5%

Sources: New York City Convention & Visitors Bureau; In-Flight Survey of International Air Travelers, 1997; Smith Travel Research; Hawaii Convention & Visitors Bureau.

Note: 1991 data was used for the visitor arrival analysis as 1990 historical data was not available.

Cruise Lines

Selected Tourism Indicators			
Total 1990 Passengers	3,640,000	Product Highlights: All-inclusive pricing Multiple destinations Duty-free shopping Shipboard Gaming New generation ships	
Total 1997 Passengers	5,051,000		
Number of Ships	131 (1997)		
Number of Lower Berths	118,399 (1997)		
Average Load Factor	83.4% (1997)		
Tourism Entity	Cruise Lines International Association		
Marketing & Advertising Budget	\$400 million (1997)		

Cruise Passengers vs. Visitor Arrivals to Hawaii by MMA

MMA	Cruise Passengers			Arrivals to Hawaii		
	1990	1997	% Change	1990	1997	% Change
U.S. West	851,352	998,610	17.3%	2,347,250	2,114,300	-9.9%
U.S. East	2,296,917	3,543,682	54.3%	2,042,010	1,511,110	-26.0%
Canada	161,398	240,331	48.9%	317,900	327,200	2.9%

Sources: Cruise Lines International Association, PricewaterhouseCoopers L.L.P.

Air Capacity Summary Analysis

MMA	Seat Capacity		Average One-Way Fare			Percent Change		
	1990	1997	Nominal	Adjusted	1997*	Seat Capacity	Average Fare Nominal	Average Fare Adjusted
US West	5,352,321	4,652,804	\$194.03	\$207.81	\$169.16	-13.1%	7.1%	-12.8%
US East	1,012,936	847,203	\$321.67	\$434.09	\$353.35	-16.4%	34.9%	9.8%
Japan	1,826,096	2,952,068	\$601.27	\$550.84	\$448.38	61.7%	-8.4%	-25.4%
Canada	364,199	337,168	\$300.78	\$321.16	\$261.42	-7.4%	6.8%	-13.1%
Other Asia	346,744	286,193	\$482.61	\$546.60	\$444.93	-17.5%	13.3%	-7.8%
Oceania	718,678	186,894	\$491.48	\$1,183.93	\$963.72	-74.0%	140.9%	96.1%
Other	772,673	474,607	-	-	-	-38.6%	-	-
TOTAL	10,393,647	9,736,937	\$321.42	\$372.13	\$302.91	-6.3%	15.8%	-5.8%

Source: US Department of Transportation data as reported by BACK Information Service

Note: Average fares are based only on data for those airports for which fare data were available.

1997* average fares are presented in 1990 dollars.

Convention Market Summary Analysis

	Association Meeting	Corporate Meeting	Tradeshaw or Convention with Tradeshaw	Total
North America	323	98	703	1,124
International	80	50	---	130
Total	403	148	703	1,254

Source: Hawaii Visitors & Convention Bureau, based on group profiles and data from the International Association of Convention Bureaus ("IACVB"), International Congress and Convention Association ("ICCA"), and Tradeshaw Weekly.